



STATE OF WASHINGTON

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June 11, 2004

TO: Doug MacDonald, Secretary
Department of Transportation

FROM: Marty Brown, Director *MB*

SUBJECT: ADDITIONAL INSTRUCTIONS FOR AGENCY BUDGET SUBMITTALS

The Priorities of Government (POG) Results Teams recently completed work on the high-level purchase strategies that they believe will best achieve statewide results. As part of this effort, Teams also made suggestions about specific analyses and initiatives that will help them in the fall when they reconvene to produce detailed purchase plans for implementation of proposed strategies. Because Results Teams will be reviewing agency budget requests for activities that can be included in these purchase plans, we are communicating their ideas to you as you prepare your budgets.

Although the state is not facing quite the same fiscal challenges that generated the initial Priorities of Government process in 2002, initial estimates for 2005-07 indicate a \$700 million shortfall between forecasted state General Fund (GFS) revenues and the cost of continuing current GFS-funded services. The POG budget approach helps us focus on core services that contribute the most toward statewide results. This, in turn, provides a framework for OFM decisions and budget recommendations to the Governor.

High-Level Strategies will Guide Budget Decisions

We strongly urge your consideration of the information contained in this memo as you develop your agency budget proposal.

1. You will find enclosed a list of the high-level indicators of success and the purchase strategies recommended for each statewide result. This information is the investment criteria that Results Teams will use to create their purchase recommendations. Review the indicators and strategies for all 11 results and focus on areas that you believe can be influenced with activities in your agency. For example, if your budget includes activities that affect indicators in Result #4 (Improve Health) because they contribute to the statewide strategy of “mitigating environmental hazards,” then your budget should help make that connection for the Results Team.

A summary is provided in this memo, but we encourage you to read the full reports of the Teams, particularly those prepared for Tollgate #2, to understand the context in which these recommendations were made. The reports are available at <http://www.ofm.wa.gov/budget/pog/teamreports.htm>.

2. For some agencies, there are recommended initiatives or research projects listed at the end of this memo. This means one or more Results Teams indicated interest in these ideas and are asking for additional information before they complete their purchase plan recommendation in the fall.
3. The Teams also suggested criteria that agencies could use to assess the activities they propose for funding. As you determine your budget request, we recommend you address these questions in your deliberations:
 - Are there options for earlier, preventative interventions as alternatives to more expensive services later?
 - Are those options evidence-based or supported by research as to their effectiveness toward the intended result?
 - Are we paying the right price for the services delivered?
 - Are activities properly coordinated for maximum effect?
 - Do activities have explicit outcomes and measures of performance?
 - Are there opportunities for outcome-based contracts?

Additional Information Requested for the Budget Submittal

OFM has selected a number of the recommendations mentioned in the team reports to be completed as part of the budget development process. We ask that your agency submit the following information, either as part of your budget request, as an addendum to your budget submittal, or as a separate submittal on the date indicated.

1. If WSDOT increased spending on the activities that optimize use of the existing system, which combination of activities would maximize mobility?
 - Would any state policies and laws have to be changed so we get the greatest result from those activities?
 - How would we measure our performance?
2. The Department of Transportation, in consultation with the Transportation Improvement Board and the County Road Administration Board, should propose tools to evaluate the trade-offs between making investments in optimizing the existing system and adding capacity around specific corridors in order to understand how to make these trade-offs. The purpose is to help decision-makers understand how to make these trade-offs.
3. Identify the information we need to answer the following question: When do we reach the point of diminishing returns for financial investments in the activities that optimize use of the current system? How much is enough?
4. What is the current backlog of preservation and maintenance projects for WSDOT? For cities and counties? What would it cost to complete the work if all of the work was scheduled to start in the 2005-07 Biennium? When would the work be completed? What would it cost to complete the work if the work was phased over ten or more years, starting with the 2005-07 Biennium?
5. Identify which areas of the state and which corridors would benefit most if we focused additional resources on optimizing the use of the existing system.

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6. The Department of Transportation, in consultation with the Washington State Patrol, should estimate reductions in road repair costs if studded tires prohibited. Propose legislation if justified.
7. Submit a proposal to provide competitively neutral access to state rights of way to private telecommunications companies for infrastructure deployment (to promote economic development and public safety).
8. Work with the Department of Community, Trade and Economic Development to develop an approach, workplan, schedule, and related budget and legislative proposals, for attracting and providing exemplary travel experiences to tourists as a result of the 2010 Winter Olympics in Vancouver, B.C.
9. Provide information, including FTEs and funding, on how your agency plans to support and provide necessary information to local governments for Shoreline Management and Growth Management Act updates.
10. Work with the Department of Community, Trade and Economic Development to develop a proposal to reduce the cost of making grants and loans for local infrastructure.

If you have questions about any of these recommendations, please consult your assigned OFM Budget Analyst, who will then coordinate assistance with the appropriate Results Team.

Finally, I want to thank all of you for your energy and dedication as we head into another round of POG. Your efforts are critical to its success, and I know from experience that I can count on you.

Attachment

cc: Agency Budget Director